

Valerie A. Szczepanik
Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
3 World Financial Center – RM 400
New York, NY 10281-1022
Ph: (212) 336-0175
Fx: (212) 336-1317
szczepanikv@sec.gov

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

| | |
|-------------------------------------|---|
| -----X | |
| SECURITIES AND EXCHANGE COMMISSION, | : |
| | : |
| Plaintiff, | : |
| | : |
| -against- | : |
| | : |
| CLEAN CARE TECHNOLOGIES, INC., | : |
| EDWARD KLEIN, AL NAZON and | : |
| ANIL VARUGHESE, | : |
| | : |
| Defendants, | : |
| | : |
| and | : |
| | : |
| CLEAN CARE SYSTEMS, LLC, | : |
| | : |
| Relief Defendant. | : |
| -----X | |

08 Civ. 1719 (HB)
ECF CASE

STATEMENT OF DAMAGES

I, Teresa A. Rodriguez, pursuant to 28 U.S.C. § 1746, hereby declare as follows:

1. I am employed as an attorney in the New York Regional Office of plaintiff Securities and Exchange Commission (the "Commission").
2. I respectfully submit this Statement of Damages in support of Plaintiff's Motion for Default Judgment as to Defendant Clean Care Technologies, Inc. ("CCT"), filed concurrently herewith.

3. I am familiar with the facts and proceedings in this action and the allegations in the Commission's Complaint (the "Complaint"). I make this declaration based upon information and belief. The sources of my information and the bases of my beliefs are documents and records obtained by me or other members of the Commission staff (the "staff"). The documents that I reviewed include the following: documents obtained by the staff during the course of its investigation preceding the institution of this case and during discovery in this case; the docket maintained by the Court in this matter; and prior pleadings.

4. As set forth in greater detail in the Complaint and in the Plaintiff's Motion for Default Judgment, the Commission seeks disgorgement of all funds Defendants raised as a result of their fraudulent offering of Clean Care Systems ("Systems") and CCT securities to the public. The offering of securities involving these two entities should be treated as one offering because both companies were under the Defendants' common control and money raised through the sale of securities in the two companies were commingled to benefit the Defendants. (See Compl. ¶¶ 1, 2, 33.)

5. As alleged in the Complaint, Systems' sole investor was Dr. Sheldon Schwartz. Defendants have provided the staff with Systems' General Ledger, Balance Sheet Detail and Trial Balance as of July 16, 2007. I have reviewed these records and they reflect that Dr. Schwartz invested a total of \$1,216,475.75. Attached as Exhibit 1 to this Declaration, is a copy of specific pages of Systems' General Ledger, Balance Sheet Detail and Trial Balance that reflect Dr. Schwartz' total investment as of July 16, 2007.

6. As alleged in the Complaint, Defendants raised approximately \$717,000 from at least 26 investors through the sale of CCT securities. Defendants provided the

staff with a list of CCT investors (“CCT’s investor list”), which purports to indicate the amount that each investor contributed to CCT. CCT’s then-counsel amended CCT’s investor list by handwritten notation and re-submitted the list to the staff. The amended CCT investor list is attached to this Declaration as Exhibit 2, and reflects that Defendants raised \$716,927 through investors in CCT.

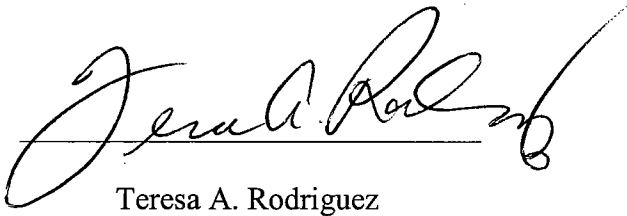
7. As reflected in Systems’ and CCT’s own business records, maintained by and submitted by Defendants, Defendants raised \$1,933,403.75 through their offer and sale of Systems and CCT securities. (See Ex. 1 and 2.)

8. The Commission also seeks prejudgment interest on Defendants’ ill-gotten gains. Attached as Exhibit 3, is the staff’s calculation of prejudgment interest at the IRS underpayment rate. For Dr. Schwartz’s investment of \$1,216,475.75, the staff calculated interest from August 2007, the month following Dr. Schwartz’s last investment as reflected on Systems’ records, through May 2008. For the CCT investor’s investments of \$716,927, the staff calculated interest from May 2007, the month following the investors’ last investment as reflected on CCT’s records, through May 2008. The total prejudgment interest sought is \$125,255.48.

9. The Commission seeks disgorgement of \$1,933,403.75, representing ill-gotten gains, and \$125,255.48, representing prejudgment interest thereon, for a total of \$2,058,659.23 .

I state under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York
June 16, 2008



Teresa A. Rodriguez

EXHIBIT 1

Clean Care Systems
General Ledger
As of July 16, 2007

07/16/07

| Type | Date | Num | Name | Memo | Split | Amount | Balance |
|-----------------------------|-----------|-----|------------------|--------------|----------------|-------------|---------------|
| Check | 4/2/2007 | | Embassy Suites | | Hotel | -1,454.81 | 6,513.19 |
| Check | 4/2/2007 | | Continental | | Airline Tra... | -339.40 | 6,173.79 |
| Check | 4/2/2007 | | Continental | | Airline Tra... | -339.40 | 5,834.39 |
| Check | 4/2/2007 | | Continental | | Airline Tra... | -119.40 | 5,714.99 |
| Check | 4/2/2007 | | Continental | | Airline Tra... | -119.40 | 5,595.59 |
| Check | 4/2/2007 | | Continental | | Airline Tra... | -79.40 | 5,516.19 |
| Check | 4/2/2007 | | Continental | | Airline Tra... | -79.40 | 5,436.79 |
| Check | 4/2/2007 | | Continental | | Airline Tra... | -79.40 | 5,357.39 |
| Check | 4/2/2007 | | Continental | | Airline Tra... | -79.40 | 5,277.99 |
| Check | 4/2/2007 | | Embassy Suites | | Hotel | -1,120.32 | 4,157.67 |
| Check | 4/5/2007 | | Bank of America | | Bank Servi... | -105.00 | 4,052.67 |
| Check | 4/5/2007 | | Freeman Tran... | | Postage a | -1,586.53 | 2,466.14 |
| Check | 4/8/2007 | | Gulf | | Gas | -47.01 | 2,419.13 |
| Check | 4/8/2007 | | Emporium | | Gas | -30.25 | 2,388.88 |
| Check | 4/8/2007 | | Compusystems | | Trade Sho... | -430.00 | 1,958.88 |
| Check | 4/8/2007 | | Raceway | | Gas | -48.68 | 1,910.20 |
| Check | 4/8/2007 | | USPS | | Postage a... | -9.64 | 1,900.56 |
| Check | 4/8/2007 | | Continental | | Airline Tra... | -440.00 | 1,460.56 |
| Check | 4/8/2007 | | QW Express | | Postage a... | -734.17 | 726.39 |
| Deposit | 4/10/2007 | | Lowes | | Repairs an... | 4.24 | 730.63 |
| Check | 5/5/2007 | | Mohegan Sun | | Hotel | -211.68 | 518.95 |
| Check | 5/5/2007 | | Budget Rent-A... | | Travel | -228.83 | 290.12 |
| Check | 5/5/2007 | | Hilton Hotels | | Travel & E... | -45.27 | 244.85 |
| Transfer | 7/16/2007 | | | Funds Tra... | Bank Of A... | 5,000.00 | 5,244.85 |
| Total Bank of America T & E | | | | | | 1,495.06 | 5,244.85 |
| Accounts Receivable | | | | | | | 0.00 |
| Payment | 1/25/2007 | 176 | Clean Care Te... | | Bank Of A... | -81,000.00 | -81,000.00 |
| Invoice | 1/27/2007 | 23 | Clean Care Te... | | -SPLIT- | 81,000.00 | 0.00 |
| Payment | 2/5/2007 | | Clean Care Te... | | Bank of A... | -6,000.00 | -6,000.00 |
| Invoice | 2/7/2007 | 24 | Clean Care Te... | | -SPLIT- | 13,000.00 | 7,000.00 |
| Payment | 2/7/2007 | | Clean Care Te... | | Bank Of A... | -13,000.00 | -6,000.00 |
| Invoice | 2/15/2007 | 25 | Clean Care Te... | | -SPLIT- | 3,000.00 | -3,000.00 |
| Invoice | 2/15/2007 | 26 | Clean Care Te... | | -SPLIT- | 3,000.00 | 0.00 |
| Invoice | 7/5/2007 | 27 | Clean Care Te... | | -SPLIT- | 29,376.00 | 29,376.00 |
| Payment | 7/5/2007 | | Clean Care Te... | | Bank Of A... | -29,376.00 | 0.00 |
| Total Accounts Receivable | | | | | | 0.00 | 0.00 |
| Undeposited Funds | | | | | | | 0.00 |
| Total Undeposited Funds | | | | | | | 0.00 |
| Payroll Liabilities | | | | | | | 0.00 |
| Total Payroll Liabilities | | | | | | | 0.00 |
| Shelly | | | | | | | -561,265.75 |
| Deposit | 1/5/2007 | | Shelly Schwartz | Deposit ... | Bank Of A... | -30,000.00 | -591,265.75 |
| Deposit | 2/2/2007 | | Shelly Schwartz | Deposit C... | Bank Of A... | -171,210.00 | -762,475.75 |
| Deposit | 2/27/2007 | | Shelly Schwartz | Deposit C... | Bank Of A... | -60,000.00 | -822,475.75 |
| Deposit | 4/2/2007 | | Shelly Schwartz | | Bank Of A... | -50,000.00 | -872,475.75 |
| Deposit | 5/10/2007 | | Shelly Schwartz | | Bank Of A... | -70,000.00 | -942,475.75 |
| Deposit | 5/16/2007 | | Shelly Schwartz | from Sove... | Bank Of A... | -50,000.00 | -992,475.75 |
| Deposit | 5/18/2007 | | Shelly Schwartz | | Bank Of A... | -100,000.00 | -1,092,475.75 |
| Deposit | 6/8/2007 | | Shelly Schwartz | Deposit | Bank Of A... | -62,000.00 | -1,154,475.75 |
| Deposit | 7/12/2007 | | Shelly Schwartz | Deposit | Bank Of A... | -62,000.00 | -1,216,475.75 |
| Total Shelly | | | | | | -655,210.00 | -1,216,475.75 |
| Opening Bal Equity | | | | | | | 0.00 |
| Total Opening Bal Equity | | | | | | | 0.00 |
| Retained Earnings | | | | | | | 471,478.60 |
| Total Retained Earnings | | | | | | | 471,478.60 |

07/16/07

Clean Care Systems

Balance Sheet Detail

As of July 16, 2007

| Type | Date | Name | Memo | Split | Amount | Balance |
|----------------------------------|-----------|-----------------|---------------|--------------|-------------------|------------------|
| Other Current Assets | | | | | | 0.00 |
| Undeposited Funds | | | | | | 0.00 |
| Total Undeposited Funds | | | | | | 0.00 |
| Total Other Current Assets | | | | | | 0.00 |
| Total Current Assets | | | | | -13,923.20 | 75,863.95 |
| Fixed Assets | | | | | | 0.00 |
| Total Fixed Assets | | | | | | 0.00 |
| Other Assets | | | | | | 0.00 |
| Total Other Assets | | | | | | 0.00 |
| TOTAL ASSETS | | | | | -13,923.20 | 75,863.95 |
| LIABILITIES & EQUITY | | | | | | 89,787.15 |
| Liabilities | | | | | | 561,265.75 |
| Current Liabilities | | | | | | 0.00 |
| Accounts Payable | | | | | | 0.00 |
| Total Accounts Payable | | | | | | 0.00 |
| Credit Cards | | | | | | 0.00 |
| Total Credit Cards | | | | | | 0.00 |
| Other Current Liabilities | | | | | | 0.00 |
| Payroll Liabilities | | | | | | 0.00 |
| Total Payroll Liabilities | | | | | | 0.00 |
| Total Other Current Liabilities | | | | | | 0.00 |
| Total Current Liabilities | | | | | | 0.00 |
| Long Term Liabilities | | | | | | 561,265.75 |
| Shelly | | | | | | 561,265.75 |
| Deposit | 1/5/2007 | Shelly Schwartz | Deposit C... | Bank Of A... | 30,000.00 | 591,265.75 |
| Deposit | 2/2/2007 | Shelly Schwartz | Deposit Ch... | Bank Of A... | 171,210.00 | 762,475.75 |
| Deposit | 2/27/2007 | Shelly Schwartz | Deposit Ch... | Bank Of A... | 60,000.00 | 822,475.75 |
| Deposit | 4/2/2007 | Shelly Schwartz | | Bank Of A... | 50,000.00 | 872,475.75 |
| Deposit | 5/10/2007 | Shelly Schwartz | | Bank Of A... | 70,000.00 | 942,475.75 |
| Deposit | 5/16/2007 | Shelly Schwartz | from Sover... | Bank Of A... | 50,000.00 | 992,475.75 |
| Deposit | 5/18/2007 | Shelly Schwartz | | Bank Of A... | 100,000.00 | 1,092,475.75 |
| Deposit | 6/8/2007 | Shelly Schwartz | Deposit | Bank Of A... | 62,000.00 | 1,154,475.75 |
| Deposit | 7/12/2007 | Shelly Schwartz | Deposit | Bank Of A... | 62,000.00 | 1,216,475.75 |
| Total Shelly | | | | | 655,210.00 | 1,216,475.75 |
| Total Long Term Liabilities | | | | | 655,210.00 | 1,216,475.75 |
| Total Liabilities | | | | | 655,210.00 | 1,216,475.75 |
| Equity | | | | | | -471,478.60 |
| Opening Bal Equity | | | | | | 0.00 |
| Total Opening Bal Equity | | | | | | 0.00 |
| Retained Earnings | | | | | | -471,478.60 |
| Total Retained Earnings | | | | | | -471,478.60 |

07/16/07

Clean Care Systems
Trial Balance
As of July 16, 2007

| | Jul 16, 07 | |
|---|---------------------|---------------------|
| | Debit | Credit |
| Bank Of America | 70,619.10 | |
| Bank of America T & E | 5,244.85 | |
| Accounts Receivable | 0.00 | |
| Shelly | | 1216475.75 |
| Retained Earnings | 471,478.60 | |
| Sales Income | | 132,376.00 |
| Goods Purchases (Cost of Goods) | 399,571.61 | |
| Bank Service Charges | 926.40 | |
| Car/Truck Expense | 4,253.62 | |
| Car/Truck Expense:Gas | 2,318.77 | |
| Car/Truck Expense:Repairs & Maintena... | 195.51 | |
| Conferences and Seminars | 11,345.96 | |
| Garbage | 77.04 | |
| Insurance | 20,757.22 | |
| Insurance:Auto Insurance | | 118.00 |
| Marketing Expense | 59,217.42 | |
| miscellaneous | 1,977.42 | |
| Office Equipment | 2,612.03 | |
| Office Supplies | 2,959.80 | |
| Payroll | 79,878.42 | |
| Postage and Shipping | 9,121.71 | |
| Printing and Reproduction | 28,963.49 | |
| Professional Fees:Accounting Fees | 2,350.00 | |
| Promotional Expense | 2,800.00 | |
| Rent | 15,909.08 | |
| Repairs and Maintenance | 6,947.90 | |
| Shipping | 3,503.89 | |
| Tax | 15,071.37 | |
| Telephone and Fax | 4,490.54 | |
| Trade Shows | 45,232.04 | |
| Travel & Entertainment | 11,066.90 | |
| Travel & Entertainment:Airline Travel | 20,050.69 | |
| Travel & Entertainment:Entertainment | 848.53 | |
| Travel & Entertainment:Hotel | 24,304.60 | |
| Travel & Entertainment:Meals | 3,769.17 | |
| Travel & Entertainment:Travel | 22,403.22 | |
| Other Income | | 4,297.15 |
| Loan | 3,000.00 | |
| TOTAL | 1,353,266.90 | 1,353,266.90 |

EXHIBIT 2

Byron Violet – 12,000 (plus \$60,000.) \$72,000. TOTAL
1727 Pine Avenue, Apt. #4
Long Beach, CA 90813-1843
(562) 591-1925

Paul Robinson – 10,000
N3031CTHFA
La Crosse, WI 54601
(608) 784-5151

Thomas Wencil – 2,500
1122 South Oak Avenue
Owatonna, MN 55060
(507) 451-3399

George Reid – ~~99,000~~ \$98,500.
2073 Perrin Drive
Lawrenceville, GA 30043
(770) 339-0851

Dean Miles – 19,975
18021 Sky Park Circle, Suite J
Ervin, CA 92614
(949) 266-1411

Lynn D. Otto – 70,000 (plus \$34,952.) \$104,952. TOTAL
5806 Whitneyville Road
Middleville, MI 49333
(269) 795-3634

Martin J. Campbell – 1,000
1070 24th Avenue East
Seattle, WA 98112
(206) 324-3210

Daniel R. Droz – 5,000
529 Augusta Drive
Monroe, MI 48161
(734) 242-5023

Larry Cobb – 150,000
1243 NE 152nd Street
Shoreline, WA 98155-7137
(206) 523-2742

Carl Hunt – 50,000
11310 Glissade Drive
Clinton, MD 20735
(301) 292-1399

Terry Mcquoid – 5,000
18861 329th Avenue
Isle, MN 56342
(320) 630-3435

Michael Dardaris – 10,000
1933 Teaberry Avenue
Williamstown, NJ 08094
(856) 863-0461

Rocky J. Romanelli – 35,000
9138 Chambelle Street
St. Leonard, PQH1P2M3
Montreal, Quebec, Canada
(H1P-2M3)
(800) 267-2774 ext. 114

Richard Blackketter – 7,500
5451 South Leonard Springs Road
Bloomington, IN 47403
(812) 824-4798

James Cullen - 2,000
7071 Eckstrom Ave.
San Diego, CA 92111-3424
(858) 277-2704

John Sauter - 10,000
761 Coronado Avenue
Coronado, CA 92118
(619) 215-9373

Michael Sherer - 50,000
2603 NE 87th Street
Seattle, WA 98115
(206) 528-1264

Robert Helgren - 20,000
668 Forest Avenue
Larchmont, NY 10538
(914) 834-4434

Roy Miller - 7,500
722 Indian Point Road
Mount Desert, ME 04660
(207) 244-3044

Timothy Bibens - 10,000
31 Burnley Rise
Pittsford, NY 14586
(585) 755-7230

Richard L. Eggert / Cory L. Eggert - 6,000
3625 409th Avenue NW
Braham, MN 55006
(320) 396-3664

Richard Jablonski - 5,000
26722 Hyte Road
Ranchos Palos Verdes, CA 90275
(310) 669-6330

Kevin O'Connor - 15000
1075 East 8th Street
Holland, MI 49423
(616) 394-9681

Zachary Hodes - 10,000
637 Bryn Mawr Drive
Indianapolis, IN 46260-4735
(317) 253-9646

Thomas Fragomeni - 10,000
175 Capital Boulevard #201
Rocky Hill, CT 06067
(860) 616-5100

The following clients have equity positions in the company, however they do not have any funds invested into the company.

Bill Paul
8812 East Sunny Lane
Claremore, OK 74019
(918) 266-3500

John Fleming
1621 Tiffany Ranch Road
Arroyo Grande, CA 93420
(805) 541-2079

Lloyd Wood
969 Highway 108
Rutherfordton, NC 28139
(828) 287-4919

Jim Lee
12050 Rising Road
Wilton, CA 95693
(916) 687-8355

EXHIBIT 3



U.S. Securities and Exchange Commission

Division of Enforcement

Prejudgment Interest Report

Systems' Investment: SEC v. Clean Care Tech., Inc. et al, 08 Civ. 1719 (HB)

| Quarter Range | Annual Rate | Period Rate | Quarter Interest | Principal+Interest |
|------------------------------------|-------------|-------------|-------------------------------|--------------------------|
| Violation Amount | | | | \$1,216,475.75 |
| 08/01/2007-09/30/2007 | 8% | 1.33% | \$16,219.68 | \$1,232,695.43 |
| 10/01/2007-12/31/2007 | 8% | 2% | \$24,653.91 | \$1,257,349.34 |
| 01/01/2008-03/31/2008 | 7% | 1.75% | \$22,003.61 | \$1,279,352.95 |
| 04/01/2008-04/30/2008 | 6% | 0.5% | \$6,396.76 | \$1,285,749.71 |
| Prejudgment Violation Range | | | Quarter Interest Total | Prejudgment Total |
| 08/01/2007-04/30/2008 | | | \$69,273.96 | \$1,285,749.71 |



U.S. Securities and Exchange Commission

Division of Enforcement

Prejudgment Interest Report

Investments in CCT: SEC v. Clean Care Tech., Inc. et al, 08 Civ. 1719 (HB)

| Quarter Range | Annual Rate | Period Rate | Quarter Interest | Principal+Interest |
|------------------------------------|-------------|-------------|-------------------------------|--------------------------|
| Violation Amount | | | | \$716,927.00 |
| 05/01/2007-06/30/2007 | 8% | 1.33% | \$9,559.03 | \$726,486.03 |
| 07/01/2007-09/30/2007 | 8% | 2% | \$14,529.72 | \$741,015.75 |
| 10/01/2007-12/31/2007 | 8% | 2% | \$14,820.32 | \$755,836.07 |
| 01/01/2008-03/31/2008 | 7% | 1.75% | \$13,227.13 | \$769,063.20 |
| 04/01/2008-04/30/2008 | 6% | 0.5% | \$3,845.32 | \$772,908.52 |
| Prejudgment Violation Range | | | Quarter Interest Total | Prejudgment Total |
| 05/01/2007-04/30/2008 | | | \$55,981.52 | \$772,908.52 |